Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

PAGE 01 CARACA 02190 01 OF 02 141934Z

71
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 FEA-02 SCI-06

AGR-20 INT-08 HEW-08 CG-00 DRC-01 /202 W
---------- 098447
R 141646Z MAR 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3006

UNCLAS SECTION 1 OF 2 CARACAS 02190

DEPT. PLEASE POUCH ALL ARA CAPITALS

E.O. 11652: N/A
TAGS: ENRG, VE
SUBJECT: REMARKS ON PETROLEUM POLICY IN INAUGURAL ADDRESS OF
PRESIDENT CARLOS ANDRES PEREZ.

REF: CARACAS 2134

SUMMARY: REMARKS ON OIL POLICY IN CARLOS ANDRES PEREZ' INAUGURAL ADDRESS WERE NOTABLE MAINLY FOR: THEIR MODERATION; THEIR EMPHASIS ON THE NEED TO MOVE AWAY FROM EMOTIONAL NATIONALISM TO CALM CONSIDERATON AND ATTAINMENT OF REASONABLE NATIONAL GOALS; AND THEIR EMPHASIS ON THE WISE USE OF MASSIVE PETROLEUM REVENUES TO FOSTER NATIONAL DEVELOPMENT OF A KIND THAT WILL BENEFIT THE POPULATION GENERALLY AND DIMINISH DIFFERENCES BETWEEN ECONOMIC CLASSES. PRESIDENT PEREZ GAVE HIS SPECIFIC ENDORSEMENT TO CREATION OF A "SPECIAL FUND" OF DIVERSIFIED INVESTMENTS WHICH WOULD RECEIVED THE GREATEST PORTION OF EXCESS OIL REVENUES AND WOULD CONSERVE THEM FOR SPECIFIC VENEZUELAN FUTURE DEVELOPMENT NEEDS. PRESIDENT PEREZ ALSO PROMISED CREATION OF A"FIDUCIARY FUND" WITHIN THE INTERAMERICAN DEVELOPMENT BANK, WHICH WOULD BE USED TO
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 02190 01 OF 02 141934Z

FINANCE DEVELOPMENT PROJECTS IN OTHER LATIN AMERICAN NATIONS.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THIS FUND WOULD BE USED FOR PROJECTS WHICH NOW FALL WITHIN THE SPHERE OF MULTINATIONAL CORPORATIONS. END SUMMARY.

1. PRESIDENT CARLOS ANDRES PEREZ FURTHER AMPLIFIED HIS VIEWS ON PETROLEUM POLICY IN HIS INAUGURAL ADDRESS MARCH 12. FOLLOWING IS AN INFORMAL TRANSLATION OF RELEVANT PORTIONS OF HIS ADDRESS.

2. RE: ENRGY CRISIS- "ENERGY CRISIS HAS SURPRISED CONFIDENT SECURITY OF LARGE NATIONS. IT HAS CREATED VARIOUS CONFRONTATIONS AND IT IS STILL PREMATURE TO FORM DEFINITE CONCLUSIONS WITH REGARD TO INSTITUTIONAL ARRANGEMENTS, WHICH WILL HAVE TO BE BASED ON RECOG-NITION OF ECONOMIC RIGHTS OF DEVELOPING COUNTRIES. WE WILL CONSULT WITH COUNTRIES OF THE REGION (LATIN AMERICA) FOR CELEBRATON O F A
CONFERENCE ON RAW MATERIALS WHICH WILL UNIFY CRITERIA AND POLICIES WITH THOSE OF DEVELOPING COUNTRIES OF OTHER CONTINENTS AND ESPECIALLY WITH THOSE OF OPEC FOR THE WORLD DEBATE ABOUT ENERGY RESOURCES, THEIR DISTRIBUTION, THEIR PRICE, AND THEIR USAGE."

3. RE: DOMESTIC PETROLEUM POLICY .- "TODAY'S NATIONALISM IS NOT AN ADVENTURE IN RHETORIC BUT IS THE MEANS OF CONCEIVING AND REALIZING A POLICY FOR THE COUNTRY AND FOR VENEZUELANS WITHIN COMMON CONTEXT OF LATIN AMERICAN INTERESTS. WE ARE GOING TO REALIZE THE OLD ASPIRATION OF OUR PEOPLE THAT OIL BE VENEZUELAN. DIFFERENT LEGAL DISPOSITIONS EXIST THAT GUARANTEE REVERSION. BUT TODAY WE SEE THE CONVENIENCE OF SPEEDING UP THE PROCESS IN ORDER TO ESTABLISH AT ONE TIME A NEW NATIONAL AND NATIONALISTIC PETROLEUM POLICY. WE WLL HAVE TO DISCUSS IT OPENLY, BEFORE THE COUNTRY, AND APPROVE IT. IT WILL BE THE NATIONAL CONGRESS THAT SAYS THE LAST WORD, BUT NOT BY EXECISE OF A SYMPLE PARLIAMENTARY MAJORITY BUT RATHER IN THE NAME OF AND BY THE DECISION OF THE ENTIRE NATION. MORE THAN A NEW LAW, WHAT IS REQUIRED IS AGREEMENT OF VENEZUELANS ON THAT WHICH WE CAN AND SHOULD DO TO FULFILL THIS SINGULAR AND UNIQUE MANDATE THAT HISTORY HAS GIVEN US. NO DOGMATISM WILL BLIND PETROLEUM POLICY OF GOVERNMENT THAT IS TODAY BEING INAUGURATED. I UNDERSTAND THAT NATION A-
LIZATION OF OIL IS NOT AN ARTICLE OF RHETORIC BUT A PLAN OF ACTION. THE SOFTER THE TONE OF VOICE THAT WE USE THE EASIER IT WILL BE TO HEAR US AND UNDERSTAND US. IF WE SHOUT, WE RUN RISKS OF PRODUCING DIFFERENT RESONANCES THAT WILL SEPARATE US OR CONFUSE THE GOALS WE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CARACA 02190 01 OF 02 141934Z

SEEK.

4. "I WILL DESIGNATE A FULL COMMISSION, COMPOSED OF PERSONS REPRESENTATIVE OF NATIONAL LIFE, WHICH WILL ADVISE GOVERNMENT IN STUDYIN OF ALTERNATIVES WHICH WE WILL HAVE TO EXAMINE IN ORDER TO SUBMIT THEM TO CONSIDERATON BY THIS SOVEREIGN CONGRESS. IN THIS WAY I HOPE TO OBTAIN EFFICACIOUSLY THE SUPPORT OF ALL VENEZUELANS IN THE SEARCH FOR GREATEST PUBLIC CONSENSUS ON TRANSCENDENTAL

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

DECISIONS THAT IT FALLS TO US TO ADOPT.

5. "IT IS A MATTER OF UNPOSTPONABLE URGENCY TO FIX PRECISELY THE GOALS WE PROPOSE, TO DEFINTE NATIONAL ENERGY POLICY. WITHIN THIS CONTEXT, WE MUST PROJECT THE USE BY THE COUNTRY AND FOR THE COUNTRY OF ENERGY RESOURCES, WATER RESOURCES, OIL, AND GAS. WE MUST ANNOUNCE RESERVES FOR NATIONAL DEVELOPMENT OF CONVENTIONAL OIL AND GAS. AND WE MUST SPECIFY, IN ACCORDANCE WITH OBJECTIVES OF THIS LONG-TERM ENERGY POLICY, TREATMENT WE WILL GIVE TO NEW PETROLEUM RESOURCES AND CONDITIONS AND NATIONAL REQUIREMENTS FOR EXPLORATION AND FUTURE EXPLOITATION OF ORINOCO OIL BELT.

6. "OUR DESTINY AS AN OIL COUNTRY IS LINKED TO A FUNDAMENTAL ACTION. IF WE WANT PETROLEUM TO BE OURS, IT IS NOT ENOUGHT TO NATIO-NALIZE IT. THE TASK IS LINDED ESPECIALLY TO FORMATION OF VENEZUELAN PERSONNEL SUFFICIENT TO ASSURE FUTURE DEVELOPMENT...TASK TO BE REALIZED IS NOT ONLY TO SPEED UP REVERSION OF OIL CONCESSIONS, WHICH WE
WEILL DO WITH INELUCTABLE AND UNDEFERRABLE RESPONSIBILITY. WE HAVE TO LEARN TO MANAGE OUR SCIENCE, AND INDUSTRY, AND AGRICULTURE, IN ORDER TO INCORPORATE INTO THE COUNTRY A MODERN ECONOMY THAT WILL PERMIT US TO ASSURE DEMOCRATIC DEVELOPMENT AND TRYLY OBTAIN LIBERATION FROM ALL DEPENDENCE AND SERVITUDE."

7. RE: USE OF REVENUE.- (WE PROPOSE) "TO CREATE A NEW SCHEM OF DEVELOPMENT THAT WILL NOT FURTHER DEEPEN BUT WILL RATHER DIMINISH ECONOMIC DIFFERENCES BETWEEN VARIOUS SECTORS OF NATIONAL POPULATON.. OIL REVENUES CONCENTRATED IN FEW HANDS WOULD BE OPULENCE WITHOUT DEMOCRATIC DESTINY... OIL PRICES HAVE CAUSED COPIOUS AFFLUENCE OF MONETARY RESOURCES WHICH IS NOT THE PRODUCT OF THE EFFORTS AND WORK OF VENEZUELANS... PHYSICAL ABUNDANCE OBLIGES US TO CONDUCT OURSELVES PRUDENTLY. EXCESS LIQUIDITY WILL HAVE PREJUDICIAL EFFECTS
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 CARACA 02190 01 OF 02 141934Z

ON
ECONOMIC SYSTEM. IT WILL BE NECESSARY TO DEFINE A SCRUPULOUS MANAGEMENT OF INVESTMENTS IN ORDER THAT RICHES SO SUDDENLY ARRIVING IN OUR HANDS DO NOT ESCAPE STERILELY FROM THEM."
PRESIDENT PEREZ THEN WENT ON TO DEFINE TWO USES FOR SURPLUS OIL REVENUES:

NOTE BY OC/T: NOT POUCHED ARA CAPITALS.

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

UNCLASSIFIED

PAGE 01 CARACA 02190 02 OF 02 141910Z

71
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NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 FEA-02 SCI-06

AGR-20 INT-08 HEW-08 CG-00 DRC-01 /202 W
---------- 098153
R 141646Z MAR 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3007

UNCLAS SECTION 2 OF 2 CARACAS 02190

(1) "A SPECIAL DIVERSIFIED INVESTMENT FUND, WITHIN AND
OUTSIDE OF VENEZUELA, WILL RECEIVE THE GREATEST PORTION OF
OUR NEW REVENUES AND WILL DIRECT THEM TOWARD SPECIFIC AND
CONCRETE ENDS WHICH WILL BE THE FARTHEST POSSIBXVXMMQS TRANSITORY CON
SUMPTION;

(2) "LATIN AMERICA IS OUR COUNTRY. AND OUR OIL HAS TO
TAKE PART ALSO IN ELABORATON OF LATIN AMERICAN INTERNATIONAL
POLICY AND IN ECONOMIES OF BROTHER COUNTRIES, TOWARD COMMON
ENDS FOR PROGRESS AND WELFAFE OF OUR PEOPLES. FROM EXCESS
PETROLEUM RESOURCES, WE WILL PLACE IN ITERAMERICAN
DEVELOPMENT BANK A FIDUCIARY FUND, WITHOUT HUMILIATING THE
VETOES, WITH SOLE CONDITION THAT IT BE USED TO DEVELOP
ECONMIC ACTIVITIES THATTODAY DO NOT FIND INSTITUTIONAL
FINANCING BECAUSE THEY ARE ICLUDED IN THE SPHERE OF
INTEREST OF MULTINATIONAL ENTERPRISES, WICH WITH THEIR
INFLUENCE SUCCEED IN PARALYZING LINES OF CREDIT TO LATIN
AMERICA."

8. RE: NEED TO RECOGNIZE AND CORRECT LIMITATIONS OF HUMAN
RESOURCES.-
"WE HAVE AN ABUNDANCE OF MATERIAL GOODS. BUT WE ARE TRAPPED
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 02190 02 OF 02 141910Z

BY OUR HUMAN DIFICIENCIES. THIS IS THE CRISIS TO WHICH WE MUST FACE
UP. IT IS INDISPENSABLE THAT WE ALL UNDERSTAND THAT OUR PROBLEMS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CANNOT BE RESOLVED WITHOUT WORK, WITHOUT CONSTANT DAILY EFFORRS OF ALL. ...DIFFERENT THINGS LIMIT INDEPENDENCE OF MODERN NATIONS. ONE OF THESE IS TECHNOLOGY. I AM FULLY CONVINCED THAT WITHOUT TECHNOLOGICAL DEVELOPMENT AND WITHOUT DEVELOPMENT OF THE INTELLIGENCE AND APTITUDES OF THE HUMAN RESOURCES OF THE COUNTRY HO NATIONALISM IS VIABLE. OUR NATIONALISM WILL HAVE TO BE SUFFICIENTLY PERSPICACIOUS TO KNOW THAT IT MUST ACT WITHIN THE LINES OF MULTINATIONAL 8,534$303,$3,:3, BUT WITHOUT LISING ITS OWN OUTLINE, SUBJECT TO INTERESTS AND SOVEREIGNTY OF THE COUNTRY."

9. RE: INDUSTRIALIZATION OF PETROLEUM.- "DEVELOPMENT OF STEEL AND PETROCHEMICAL INDUSTRIES ARE TWO GREAT CHALLENGES THAT VENEZUELA HAS TODAY... NATIONALIST, INTELLIGENT, PRACTICAL, FLEXIBLE AND AGILE CRITERIA SHOULD LEAD TO DECISIONS WE SHOULD MAKE ON THIS MATTER. NUMEROUS RELATED AREAS CAN BE DEVELOPED AND NEW PROCEDURES IN INDUSTRIAL NEGOTIATONS AS WELL,SO THAT VENEZUELA SELLS LESS OIL AND MORE PRODUCTS THAT USE IT AS A RAW MATERIAL OR AS AN INDUSTRIAL ENERGY INPUT. AND WE WLL NOT EXPORT MORE IRON ORE, BUT RATHER STEEL, MANUFACTURED PRODUCTS AND MACHINERY.
MCCLINTOCK

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Disposition Approved on Date:
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Disposition Event:
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EO Systematic Review
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TAGS: ENRG, PFOR, VE, INTERAMERICAN DEVELOPMENT BANK, (ANDRES PEREZ, CARLOS)
To: STATE
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